



**PFM Asset Management LLC**

# CITY OF BRENTWOOD

## **Investment Performance Review For the Quarter Ended December 31, 2016**

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# Market Update

## Summary

- Bond yields and equity prices soared following the U.S. presidential election in November, as President-elect Donald Trump's proposed policies and his intentions to ramp up government spending boosted inflation expectations and growth forecasts. Major stock indexes including the S&P 500, NASDAQ, and Dow Jones Industrial Average closed at record highs during the quarter.
- On December 14, the Federal Open Market Committee (FOMC) raised the federal funds target range by 0.25% to a range of 0.50% to 0.75%. The unanimous decision, in line with market expectations, was the first rate hike since December 2015. The FOMC also released updated economic forecasts and a new "dot plot," forecasting three rate hikes in 2017.
- Central banks outside the U.S. continued to pursue accommodative monetary policy amid slow growth and low inflation. The European Central Bank (ECB) kept its benchmark interest rate at 0% and continued its asset purchase program, as did the Bank of England (BOE). At the same time, the Bank of Japan (BOJ) continued its quantitative easing programs aimed at keeping the 10-year Japanese government bond yield near 0% and expanding money supply until inflation remains above the 2% target.
- The Organization of the Petroleum Exporting Countries (OPEC) agreed in late November to a combined reduction in daily production. The agreement caused the price of oil to increase more than 10% during the fourth quarter.

## Economic Snapshot

- The U.S. economy gained momentum during the latter half of the year. The labor market continued to show strength, booking a solid quarter of job gains. The housing market also strengthened in the fourth quarter as Americans continued to take advantage of historically low interest rates, driving home sales to decade-high levels.
- U.S. gross domestic product (GDP) grew at a 3.5% rate in the third quarter, rebounding from modest growth during the first half of 2016. (Fourth quarter GDP data is not yet available.) Consumer spending and exports contributed to the pick-up in expansion, while private inventories grew for the first time since the start of 2015.
- The unemployment rate fell to 4.6% during the fourth quarter — a post-recession low. In another positive sign, job openings remained near record highs, while initial unemployment filings remained near record lows.

- December's addition of 156,000 jobs finished a year of solid job growth performance in which the U.S. added 2.2 million net new jobs. For the year, wages rose 2.9%, the fastest pace since 2009.
- Americans continued to feel more confident about the economy as the Conference Board's December reading climbed to a 15-year high, and sentiment strengthened further as the University of Michigan's Consumer Sentiment Index reached its highest level since January 2004.

## Interest Rates

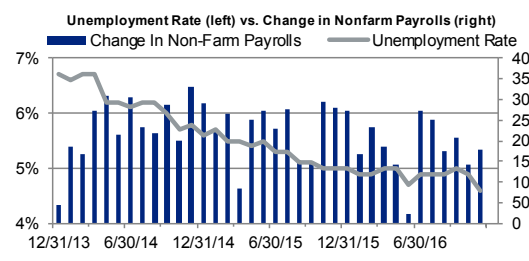
- Interest rates surged in the fourth quarter, ending the year with net increases and a steeper yield curve. The two-year Treasury yield increased 43 basis points (bps) for the quarter, while the yield on the 10-year Treasury rose 85 bps — a considerable rebound from July's record-low yield.
- In the money market space, shorter-term Treasury yields rose alongside expectations of a Federal Reserve rate hike. Money market reforms took effect in October, significantly altering the supply-demand dynamic in the money markets. Yields on short-term credit instruments, such as commercial paper and negotiable bank certificates of deposit (CDs), continued to remain elevated and offer significant incremental yield.

## Sector Performance

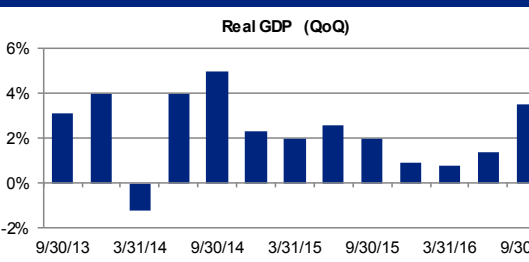
- U.S. Treasury indexes posted losses for the fourth quarter, declining for the second straight quarter as yields rose. For the year, returns were positive but muted. Shorter maturity issues outperformed longer maturities as the yield curve steepened.
- Federal agency yield spreads drifted tighter during the quarter as supply diminished, leading to the sector's modest outperformance relative to comparable-maturity Treasuries.
- Corporate yield spreads remained mostly unchanged until the November 8 presidential election, after which they tightened, reaching new lows for the year. Corporates outperformed Treasuries every quarter in 2016, resulting in the sector's best year since 2012.
- Mortgage-backed securities (MBS) generally underperformed Treasuries amid increased extension risk due to the rise in interest rates. Asset-backed securities (ABS) outperformed Treasuries due to declining prepayment risk.

## Economic Snapshot

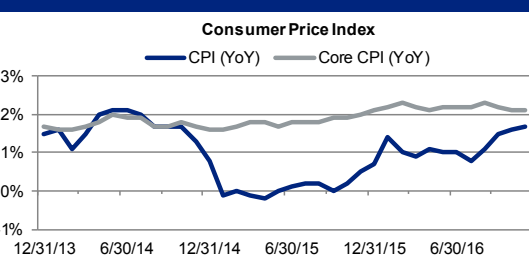
Labor Market	Latest	Sep 2016	Dec 2015	
Unemployment Rate	Nov16	4.6%	5.0%	5.0%
Change In Non-Farm Payrolls	Nov16	178,000	208,000	271,000
Average Hourly Earnings (YoY)	Nov16	2.5%	2.7%	2.6%
Personal Income (YoY)	Nov16	3.5%	3.6%	4.0%
Initial Jobless Claims (week)	12/24/16	265,000	246,000	285,000

Growth	Latest	Sep 2016	Dec 2015	
Real GDP (QoQ SAAR)	2016Q3	3.5%	1.4% <sup>1</sup>	2.0% <sup>2</sup>
GDP Personal Consumption (QoQ SAAR)	2016Q3	3.0%	4.3% <sup>1</sup>	2.7% <sup>2</sup>
Retail Sales (YoY)	Nov16	3.8%	3.3%	2.8%
ISM Manufacturing Survey (month)	Nov16	53.2	51.5	48.0
Existing Home Sales SAAR (month)	Nov16	5.61 mil.	5.49 mil.	5.45 mil.

Inflation / Prices	Latest	Sep 2016	Dec 2015	
Personal Consumption Expenditures (YoY)	Nov16	1.4%	1.2%	0.6%
Consumer Price Index (YoY)	Nov16	1.7%	1.5%	0.7%
Consumer Price Index Core (YoY)	Nov16	2.1%	2.2%	2.1%
Crude Oil Futures (WTI, per barrel)	Dec 31	\$53.72	\$48.24	\$37.04
Gold Futures (oz.)	Dec 31	\$1,152	\$1,313	\$1,060



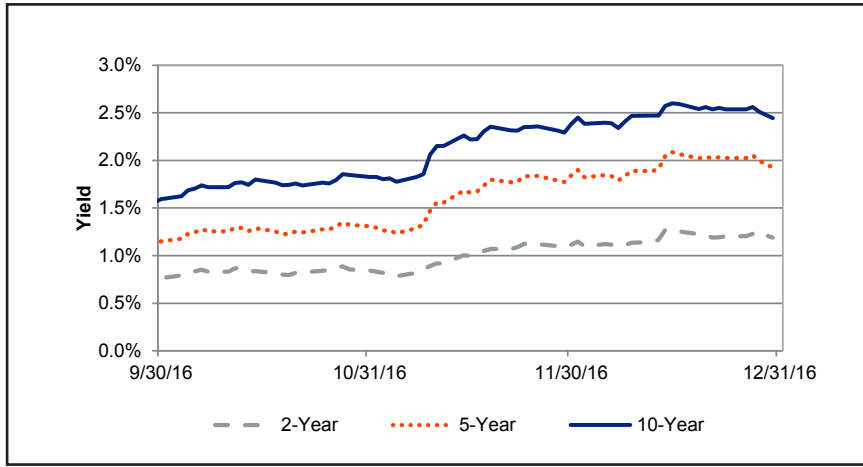
1. Data as of Second Quarter 2016

2. Data as of Third Quarter 2015

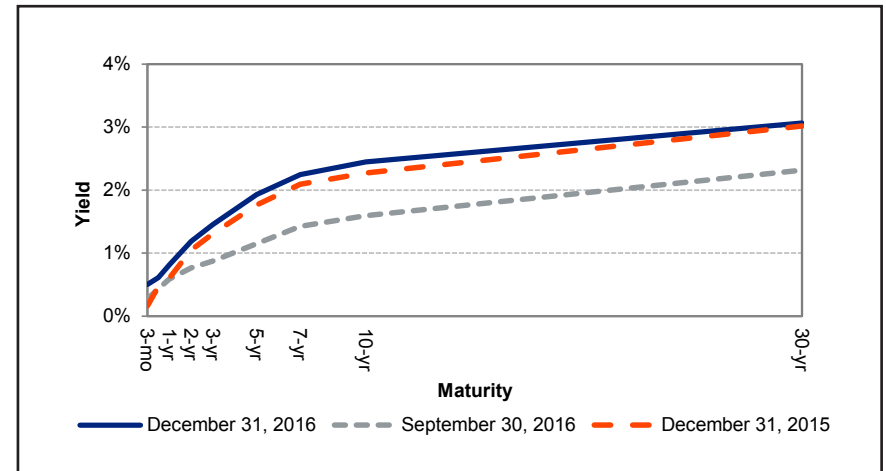
Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

### Interest Rate Overview

U.S. Treasury Note Yields



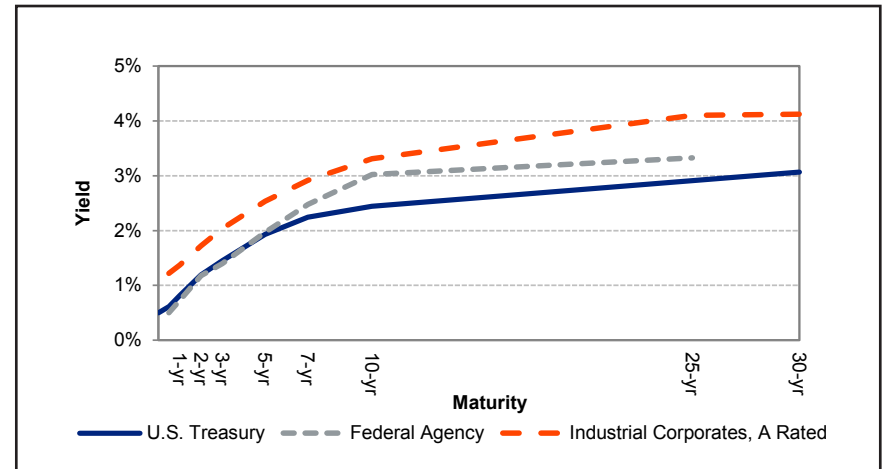
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	12/31/16	9/30/16	Change over Quarter	12/31/15	Change over Year
3-month	0.50%	0.28%	0.22%	0.17%	0.33%
1-year	0.81%	0.59%	0.22%	0.60%	0.21%
2-year	1.19%	0.76%	0.43%	1.05%	0.14%
5-year	1.93%	1.15%	0.78%	1.76%	0.17%
10-year	2.45%	1.60%	0.85%	2.27%	0.18%
30-year	3.07%	2.32%	0.75%	3.02%	0.05%

Yield Curves as of 12/31/16



Source: Bloomberg.

## QUARTERLY MARKET SUMMARY

## BofA Merrill Lynch Index Returns

	As of 12/31/16		Returns for Periods ended 12/31/16		
	Duration	Yield	3 Month	1 Year	3 Years
<b>1-3 Year Indices</b>					
U.S. Treasury	1.89	1.18%	(0.43%)	0.89%	0.68%
Federal Agency	1.86	1.29%	(0.34%)	0.96%	0.78%
U.S. Corporates, A-AAA rated	1.85	1.89%	(0.28%)	1.81%	1.35%
Agency MBS (0 to 3 years)	2.10	1.95%	(0.91%)	0.52%	1.09%
Taxable Municipals	1.85	2.34%	(0.40%)	2.47%	2.34%
<b>1-5 Year Indices</b>					
U.S. Treasury	2.71	1.42%	(1.09%)	1.09%	1.10%
Federal Agency	2.33	1.45%	(0.72%)	1.12%	1.13%
U.S. Corporates, A-AAA rated	2.72	2.20%	(0.95%)	2.19%	1.94%
Agency MBS (0 to 5 years)	3.31	2.20%	(1.81%)	1.26%	2.12%
Taxable Municipals	2.53	2.41%	(0.80%)	3.15%	3.06%
<b>Master Indices (Maturities 1 Year or Greater)</b>					
U.S. Treasury	6.23	1.90%	(3.96%)	1.14%	2.63%
Federal Agency	3.97	1.82%	(2.08%)	1.50%	2.17%
U.S. Corporates, A-AAA rated	6.91	3.03%	(3.15%)	4.23%	4.04%
Agency MBS (0 to 30 years)	4.88	2.76%	(1.98%)	1.67%	3.04%
Taxable Municipals	3.86	2.96%	(1.77%)	3.64%	4.19%

Returns for periods greater than one year are annualized.

**Disclosures**

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# Investment Strategy





- The fourth quarter was dominated by the U.S. presidential election – first by general uncertainty, then more significantly by the surprising Trump victory. Yields surged in the post-election period as expectations for U.S. economic growth and inflationary expectations rose, and in anticipation of a December FOMC rate hike.
- For much of the past year, we maintained a duration position generally neutral to the benchmark. By late October, however, we viewed the uncertainty related to the election, combined with the strong likelihood of a Fed rate increase, had created an environment less favorable to a neutral position. We strategically shortened the portfolio duration in late October, reducing the price sensitivity of the portfolio to interest rate changes, which would be beneficial in a rising rate environment. In early December, following the dramatic leap in interest rates, we extended the duration to be more closely aligned with benchmark, capturing the higher yields available.
- Federal agency yield spreads continued to tighten over the quarter, erasing much of the value seen off and on during the year. In some cases, we found it strategically advantageous to swap out of expensive agency holdings into U.S. Treasuries at nearly similar yields. Our few agency purchases were generally new issues that came to market with yield concessions that offered more reasonable value.
- We generally maintained allocations to the corporate sector as valuations remained fair-to-modestly-expensive amid tight yield spread levels. The sector once again outperformed comparable-maturity Treasuries during the quarter, finishing its strongest year of relative performance since 2012.
- Significant mandated reforms to the money market fund industry took effect in the fourth quarter. The reforms caused significant changes in the supply/demand dynamic in the short-term markets as nearly \$1 trillion in assets shifted from “prime” funds that invest in credit instruments, into government funds, that hold only government securities. The result was increased demand for – and thus lower yields on – short-term government securities and reduced demand for – and thus higher yields on – short-term credit instruments, like commercial paper and bank certificates of deposit. This created excellent investment opportunities in short-term credit instruments which we used both to fill short-term investment needs, and as attractive alternatives to longer Treasuries and agencies.

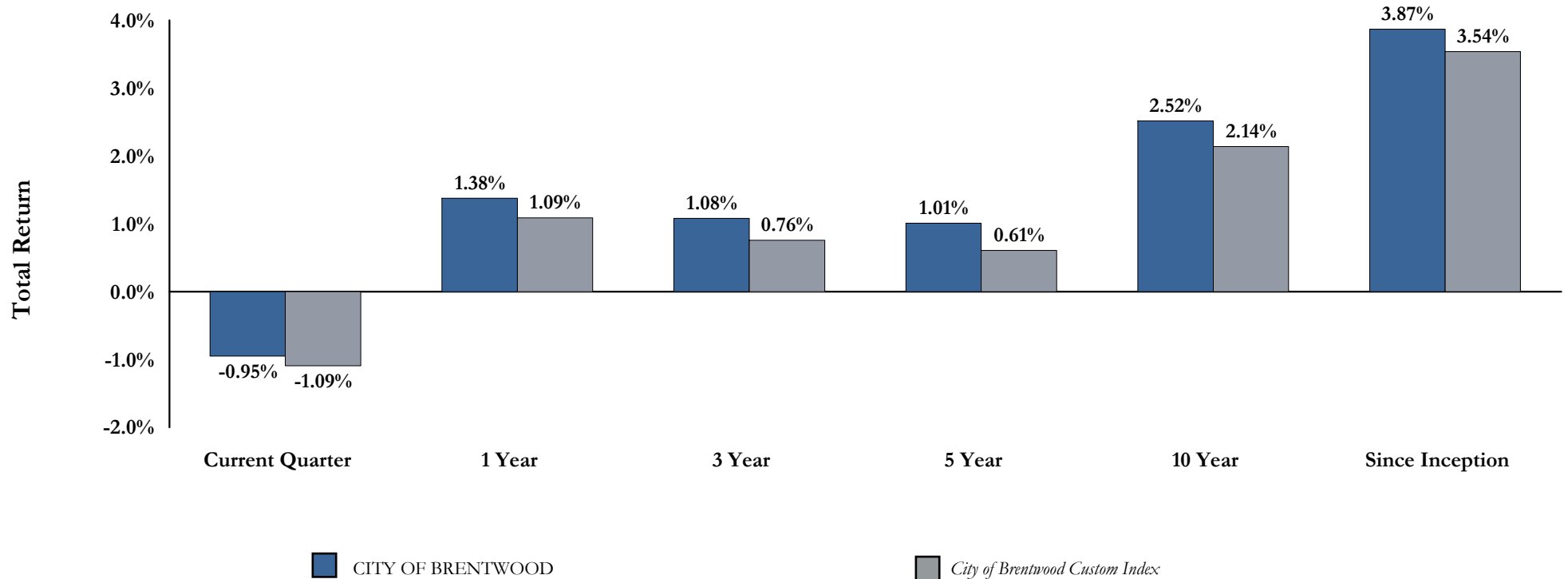
- Although we enter 2017 with a high degree of political uncertainty, our expectations are for a modest uptick in economic growth in the U.S., a trend toward higher inflation, and a continued, but gradual upward trajectory of interest rates.
- The most recent Federal Open Market Committee “dot plot” projections anticipate three Fed rate hikes in 2017 and another three hikes in 2018. Market expectations are more conservative, expecting only two hikes over the next year.
- As 2017 starts with the highest yields in several years, we plan to initially position the portfolios duration to be aligned with the benchmark.
- Rising interest rates ultimately result in higher earning potential for fixed-income investors, but negatively affect the market value of current holdings. As always occurs in periods of rising rates, our active management approach, which seeks to maximize long term returns, may result in the realization of short-term losses. This is in contrast to the gains realized over the past several years, which resulted from generally declining rates.
- Agency yield spreads over Treasuries remain narrow. As a result, our strategy will generally favor U.S. Treasuries over agencies, unless specific issues offer identifiable value.
- Yield spreads on corporate securities also remain narrow. Identifying incremental return potential in the corporate bond sector requires careful relative value analysis. Improving corporate profits, as well as anticipated pro-business tax reform from the Trump administration, support favorable fundamentals of the credit sector.
- We will continue to evaluate opportunities in the MBS and ABS sectors, purchasing those issues we believe are well structured, offer adequate yield spreads, and which have limited duration variability.
- Yields on commercial paper continue to offer significant yield pickup relative to short-term government securities.
- We will continue to monitor incoming economic data, Fed policy, and market relationships, adjusting portfolio positioning as needed. This will include monitoring and assessing the policies of the Trump administration for its impact on economic and market conditions.



# Portfolio Characteristics and Investment Performance

**Portfolio Performance (Total Return)**

Portfolio/Benchmark	Effective Duration	Current Quarter	1 Year	Annualized Return			Since Inception (12/31/92) *
				3 Year	5 Year	10 Year	
<b>CITY OF BRENTWOOD</b>	2.53	-0.95%	1.38%	1.08%	1.01%	2.52%	3.87%
<i>City of Brentwood Custom Index</i>	2.65	-1.09%	1.09%	0.76%	0.61%	2.14%	3.54%
<b>Difference</b>		0.14%	0.29%	0.32%	0.40%	0.38%	0.33%

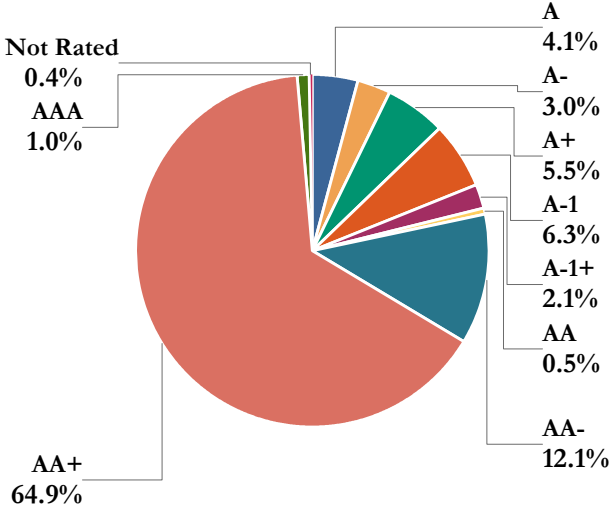


Portfolio performance is gross of fees unless otherwise indicated. \*Since Inception performance is not shown for periods less than one year.

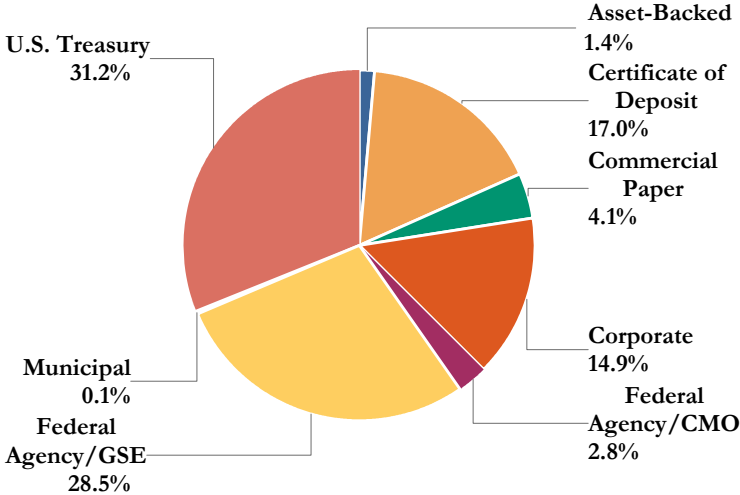
**Portfolio Statistics**  
As of December 31, 2016

Par Value:	188,907,000
Total Market Value:	189,730,934
<i>Security Market Value:</i>	188,752,691
<i>Accrued Interest:</i>	780,199
<i>Cash:</i>	198,043
<i>PFM</i>	-
Amortized Cost:	189,839,439
Yield at Market:	1.59%
Yield at Cost:	1.43%
Effective Duration:	2.53 Years
Duration to Worst:	2.55 Years
Average Maturity:	2.66 Years
Average Credit: **	AA

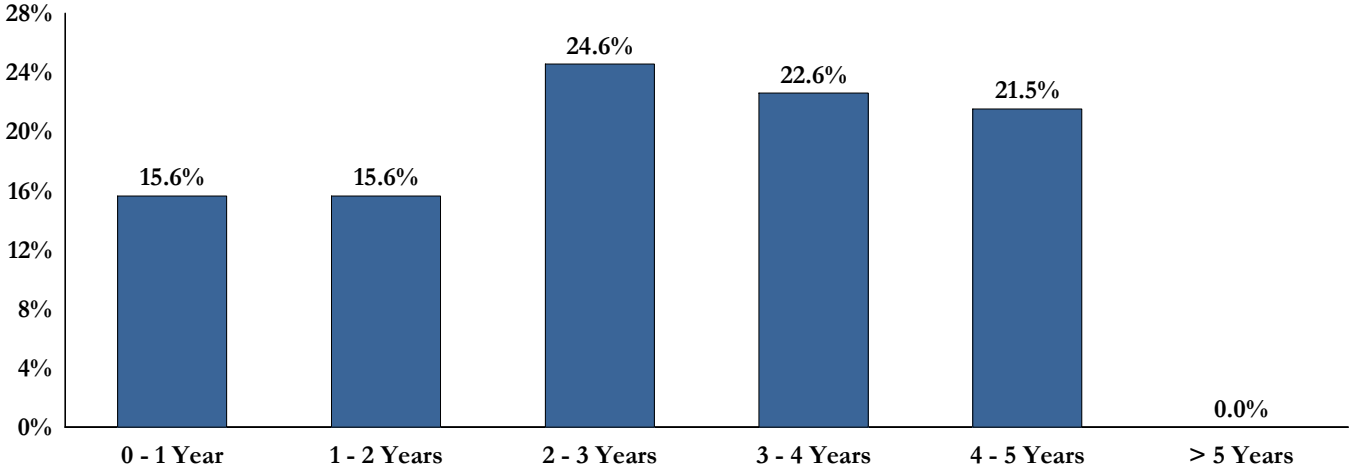
**Credit Quality (S&P Ratings)**



**Sector Allocation**



**Maturity Distribution**



\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

## CITY OF BRENTWOOD

<u>Security Type<sup>1</sup></u>	<u>December 31, 2016</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$58,804,996	28%	100%
Federal Agencies	\$53,850,906	26%	100%
Federal Agency CMO/MBS	\$5,350,474	3%	20%
Commercial Paper	\$7,753,407	4%	25%
Certificates of Deposit	\$32,062,905	17%	30%
Municipal Obligations	\$239,736	<1%	100%
Medium-Term Corporate Notes	\$28,083,144	14%	30%
Asset-Backed Securities	\$2,607,123	1%	20%
Money Market Fund/Cash	\$198,043	<1%	15%
LAIF	\$13,545,055	7%	\$50 Million
<b>Totals</b>	<b>\$206,498,030</b>	<b>100%</b>	

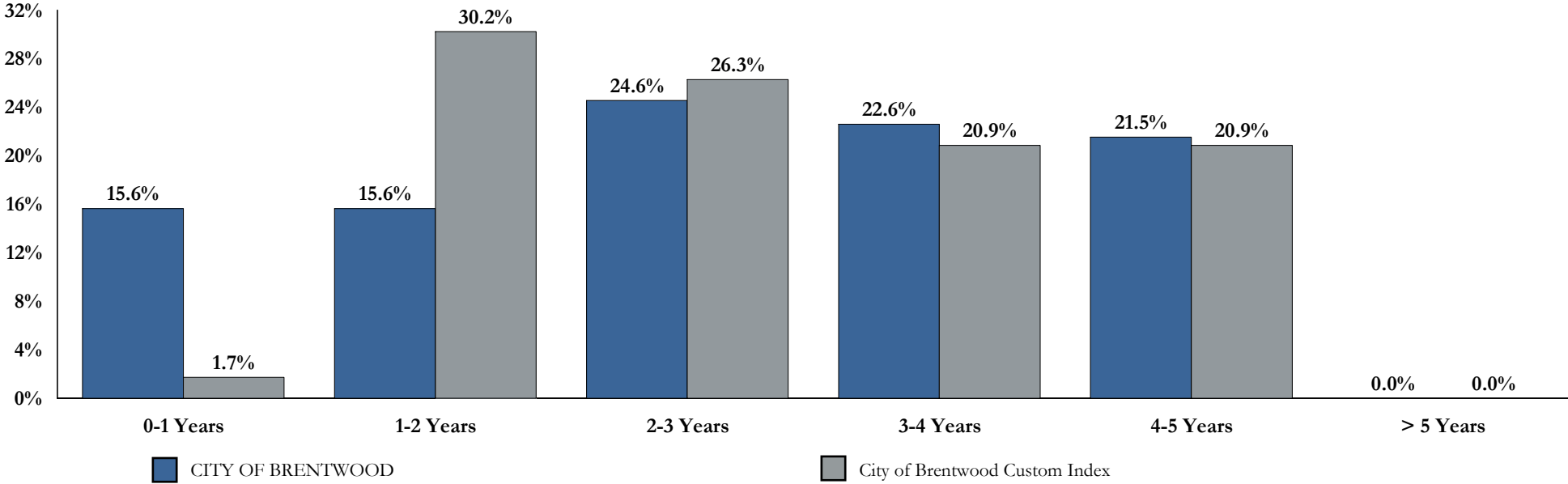
1. End of quarter trade-date market values of portfolio holdings.

Detail may not add to total due to rounding.

### Maturity Distribution

As of December 31, 2016

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
<b>CITY OF BRENTWOOD</b>	1.59%	2.66 yrs	15.6%	15.6%	24.6%	22.6%	21.5%	0.0%
City of Brentwood Custom Index	1.42%	2.82 yrs	1.7%	30.2%	26.3%	20.9%	20.9%	0.0%

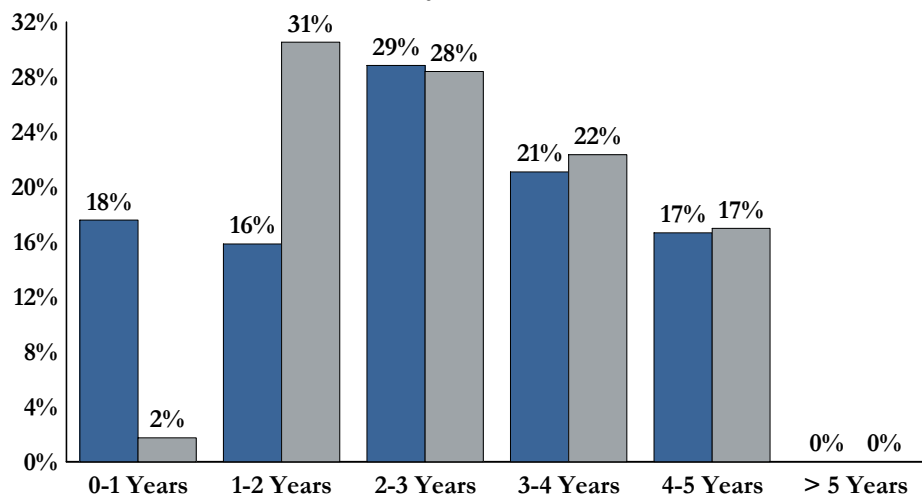


### Duration Distribution

As of December 31, 2016

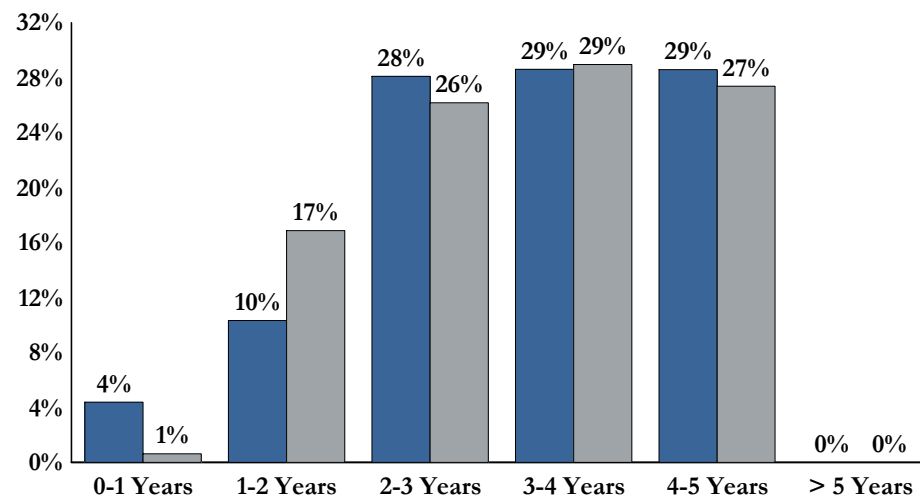
Portfolio / Benchmark	Effective Duration	0-1 YEARS	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	> 5 YEARS
CITY OF BRENTWOOD	2.53	17.58%	15.84%	28.84%	21.09%	16.66%	0.00%
City of Brentwood Custom Index	2.65	1.74%	30.54%	28.40%	22.35%	16.98%	0.00%

Distribution by Effective Duration



■ CITY OF BRENTWOOD  
 ■ City of Brentwood Custom Index

Contribution to Portfolio Duration



■ CITY OF BRENTWOOD  
 ■ City of Brentwood Custom Index



## Sector/Issuer Distribution

As of December 31, 2016

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Asset-Backed</b>			
HYUNDAI AUTO RECEIVABLES	1,402,579	53.8%	0.7%
JOHN DEERE OWNER TRUST	323,451	12.4%	0.2%
NISSAN AUTO RECEIVABLES	377,711	14.5%	0.2%
TOYOTA AUTO RECEIVABLES	503,381	19.3%	0.3%
<b>Sector Total</b>	<b>2,607,123</b>	<b>100.0%</b>	<b>1.4%</b>
<b>Certificate of Deposit</b>			
BANK OF NOVA SCOTIA	4,138,639	12.9%	2.2%
CANADIAN IMPERIAL BANK OF COMMERCE	3,513,124	11.0%	1.9%
NORDEA BANK AB	3,513,124	11.0%	1.9%
ROYAL BANK OF CANADA	3,503,973	10.9%	1.9%
SKANDINAVISKA ENSKIDA BANKEN AB	4,232,813	13.2%	2.2%
SVENSKA HANDELSBANKEN	4,002,240	12.5%	2.1%
TORONTO-DOMINION BANK	4,802,146	15.0%	2.5%
US BANCORP	4,356,847	13.6%	2.3%
<b>Sector Total</b>	<b>32,062,905</b>	<b>100.0%</b>	<b>17.0%</b>
<b>Commercial Paper</b>			
CREDIT AGRICOLE SA	3,876,967	50.0%	2.1%
MITSUBISHI UFJ FINANCIAL GROUP INC	3,876,440	50.0%	2.1%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Sector Total</b>	<b>7,753,407</b>	<b>100.0%</b>	<b>4.1%</b>
<b>Corporate</b>			
AMERICAN EXPRESS CO	2,007,970	7.2%	1.1%
AMERICAN HONDA FINANCE	2,789,641	9.9%	1.5%
APPLE INC	4,439,317	15.8%	2.4%
BANK OF NEW YORK CO INC	3,596,517	12.8%	1.9%
BERKSHIRE HATHAWAY INC	644,429	2.3%	0.3%
BURLINGTON NORTHERN SANTA FE	908,742	3.2%	0.5%
GENERAL ELECTRIC CO	4,930,632	17.6%	2.6%
JP MORGAN CHASE & CO	3,650,938	13.0%	1.9%
TOYOTA MOTOR CORP	1,804,280	6.4%	1.0%
WELLS FARGO & COMPANY	3,310,679	11.8%	1.8%
<b>Sector Total</b>	<b>28,083,144</b>	<b>100.0%</b>	<b>14.9%</b>
<b>Federal Agency/CMO</b>			
FANNIE MAE	2,305,801	43.1%	1.2%
FREDDIE MAC	3,044,673	56.9%	1.6%
<b>Sector Total</b>	<b>5,350,474</b>	<b>100.0%</b>	<b>2.8%</b>
<b>Federal Agency/GSE</b>			
FANNIE MAE	38,319,068	71.2%	20.3%
FEDERAL HOME LOAN BANKS	7,916,538	14.7%	4.2%
FREDDIE MAC	7,615,300	14.1%	4.0%

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
<b>Sector Total</b>	<b>53,850,906</b>	<b>100.0%</b>	<b>28.5%</b>
<b>Municipal</b>			
MISSISSIPPI STATE	239,736	100.0%	0.1%
<b>Sector Total</b>	<b>239,736</b>	<b>100.0%</b>	<b>0.1%</b>
<b>U.S. Treasury</b>			
UNITED STATES TREASURY	58,804,996	100.0%	31.2%
<b>Sector Total</b>	<b>58,804,996</b>	<b>100.0%</b>	<b>31.2%</b>
<b>Portfolio Total</b>	<b>188,752,691</b>	<b>100.0%</b>	<b>100.0%</b>

## Important Disclosures

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- Market values which include accrued interest, are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg or Telerate. Where prices are not available from generally recognized sources the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.
- MBS maturities are represented by expected average life.

## Glossary

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount, expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

## Glossary

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction occurs on a non-business day (i.e. coupon payments and maturity proceeds), the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred however the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.



# Portfolio Transactions & Holdings

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
10/3/16	10/5/16	1,820,000	3137EAED7	FHLMC REFERENCE NOTE	0.87%	10/12/18	1,820,294.49	0.89%	
10/3/16	10/5/16	2,500,000	912828B90	US TREASURY NOTES	2.00%	2/28/21	2,595,849.88	1.15%	
11/1/16	11/2/16	5,270,000	912828XH8	US TREASURY NOTE	1.62%	6/30/20	5,386,373.20	1.16%	
11/10/16	11/14/16	2,000,000	912828WL0	US TREASURY NOTES	1.50%	5/31/19	2,035,563.52	1.06%	
11/10/16	11/14/16	2,050,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	2,079,315.67	1.06%	
11/16/16	11/17/16	2,690,000	3130AA3R7	FHLB NOTES	1.37%	11/15/19	2,689,381.30	1.38%	
11/22/16	11/23/16	3,405,000	912828WY2	US TREASURY N/B	2.25%	7/31/21	3,501,297.66	1.78%	
12/1/16	12/5/16	2,000,000	912828D72	US TREASURY NOTES	2.00%	8/31/21	2,017,638.98	1.92%	
12/1/16	12/5/16	3,485,000	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	1.76%	11/30/18	3,482,281.70	1.78%	
12/1/16	12/5/16	3,485,000	65558LWA6	NORDEA BANK FINLAND NY CD	1.76%	11/30/18	3,485,000.00	1.74%	
12/1/16	12/5/16	3,000,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	2,944,339.82	1.85%	
12/7/16	12/8/16	1,565,000	3130AAE46	FHLB NOTES	1.25%	1/16/19	1,564,937.40	1.25%	
12/20/16	12/21/16	3,900,000	06538BTM5	BANK TOKYO-MIT UFJ NY COMM PAPER	0.00%	6/21/17	3,874,565.50	1.30%	
12/20/16	12/21/16	3,900,000	22533TTM8	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	6/21/17	3,876,340.00	1.21%	
12/20/16	12/21/16	2,250,000	912828N89	US TREASURY NOTES	1.37%	1/31/21	2,211,396.91	1.95%	
12/20/16	12/21/16	4,000,000	912828F96	US TREASURY NOTES	2.00%	10/31/21	3,992,051.97	2.10%	
<b>Total BUY</b>		<b>47,320,000</b>					<b>47,556,628.00</b>		

## INTEREST

10/1/16	10/1/16	845,000	12189TBC7	BURLINGTON NRTH CORP	4.70%	10/1/19	19,857.50		
10/1/16	10/1/16	240,000	605581FX0	MS ST TXBL GO BONDS	1.09%	10/1/17	1,308.00		
10/1/16	10/25/16	1,555,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,132.94		
10/1/16	10/25/16	750,000	3136QSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	1,186.30		
10/1/16	10/25/16	3,055,000	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	4,531.58		



Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
10/4/16	10/4/16	0	MONEY0002	MONEY MARKET FUND			1.66		
10/15/16	10/15/16	4,150,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	26,456.25		
10/15/16	10/15/16	505,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	656.50		
10/15/16	10/15/16	905,000	44891EAC3	HYUNDAI AUTO RECEIVABLES TRUST	1.29%	4/15/21	778.30		
10/15/16	10/15/16	325,000	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	338.54		
10/15/16	10/15/16	380,000	65478VAD9	NISSAN ABS 2016-B A3	1.32%	1/15/21	418.00		
10/15/16	10/15/16	505,000	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	547.08		
10/19/16	10/19/16	4,220,000	3135G0E58	FNMA BENCHMARK NOTE	1.12%	10/19/18	23,737.50		
10/22/16	10/22/16	3,300,000	94974BFU9	WELLS FARGO & COMPANY	2.12%	4/22/19	35,062.50		
10/31/16	10/31/16	5,390,000	912828K58	US TREASURY NOTES	1.37%	4/30/20	37,056.25		
10/31/16	10/31/16	5,775,000	912828Q78	US TREASURY NOTES	1.37%	4/30/21	39,703.13		
11/1/16	11/25/16	750,000	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	1,186.30		
11/1/16	11/25/16	1,555,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,132.94		
11/1/16	11/25/16	3,055,000	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	4,531.58		
11/2/16	11/2/16	0	MONEY0002	MONEY MARKET FUND			5.86		
11/6/16	11/6/16	4,135,000	06417GAS7	BANK OF NOVA SCOTIA HOUSTON YCD	1.56%	11/6/17	32,253.00		
11/6/16	11/6/16	4,000,000	3135G0K69	FNMA BENCHMARK NOTE	1.25%	5/6/21	23,611.11		
11/13/16	11/13/16	1,000,000	037833BD1	APPLE INC CORP NOTE	2.00%	5/6/20	10,000.00		
11/15/16	11/15/16	505,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	656.50		
11/15/16	11/15/16	905,000	44891EAC3	HYUNDAI AUTO RECEIVABLES TRUST	1.29%	4/15/21	972.88		
11/15/16	11/15/16	600,000	912828ND8	US TREASURY NOTES	3.50%	5/15/20	10,500.00		
11/15/16	11/15/16	325,000	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	338.54		
11/15/16	11/15/16	380,000	65478VAD9	NISSAN ABS 2016-B A3	1.32%	1/15/21	418.00		
11/15/16	11/15/16	505,000	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	547.08		
11/16/16	11/16/16	4,240,000	83050FBG5	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.48%	11/16/17	63,623.56		
11/22/16	11/22/16	3,595,000	06406HDB2	BANK OF NEW YORK MELLON CORP (CALLABLE)	1.60%	5/22/18	28,760.00		
11/25/16	11/25/16	4,000,000	86958DH54	SVENSKA HANDELSBANKEN NY FLT CERT DEPOS	1.37%	8/24/17	13,179.55		
11/26/16	11/26/16	4,800,000	65558LFA5	NORDEA BANK FINLAND NY CD	1.15%	5/26/17	28,213.33		
11/26/16	11/26/16	1,500,000	3135G0ZY2	FNMA BENCHMARK NOTE	1.75%	11/26/19	13,125.00		
11/27/16	11/27/16	2,225,000	3135G0YT4	FANNIE MAE GLOBAL NOTES	1.62%	11/27/18	18,078.13		

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
11/27/16	11/27/16	1,940,000	3135G0YT4	FANNIE MAE GLOBAL NOTES	1.62%	11/27/18	15,762.50		
11/30/16	11/30/16	2,000,000	912828WL0	US TREASURY NOTES	1.50%	5/31/19	15,000.00		
11/30/16	11/30/16	5,500,000	912828VF4	US TREASURY NOTES	1.37%	5/31/20	37,812.50		
12/1/16	12/25/16	750,000	3136AQS1	FNMA SERIES 2015-M15 ASQ2	1.89%	1/1/19	1,186.30		
12/1/16	12/25/16	1,555,000	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	2,132.94		
12/1/16	12/25/16	3,055,000	3137BNN26	FHLMC SERIES KP03 A2	1.78%	7/1/19	4,531.58		
12/2/16	12/2/16	0	MONEY0002	MONEY MARKET FUND			6.30		
12/15/16	12/15/16	505,000	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	547.08		
12/15/16	12/15/16	325,000	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	338.54		
12/15/16	12/15/16	380,000	65478VAD9	NISSAN ABS 2016-B A3	1.32%	1/15/21	418.00		
12/15/16	12/15/16	505,000	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	656.50		
12/15/16	12/15/16	905,000	44891EAC3	HYUNDAI AUTO RECEIVABLES TRUST	1.29%	4/15/21	972.88		
12/21/16	12/21/16	1,810,000	3130A8DB6	FHLB GLOBAL NOTE	1.12%	6/21/19	10,181.25		
12/28/16	12/28/16	1,995,000	3135G0H55	FNMA BENCHMARK NOTES	1.87%	12/28/20	18,703.13		
12/28/16	12/28/16	0	65558LFA5	NORDEA BANK FINLAND NY CD	1.15%	5/26/17	306.68		
12/31/16	12/31/16	5,270,000	912828XH8	US TREASURY NOTE	1.62%	6/30/20	42,818.75		
12/31/16	12/31/16	4,500,000	912828VJ6	US TREASURY NOTES	1.87%	6/30/20	42,187.50		
<b>Total INTEREST</b>		<b>100,970,000</b>					<b>639,467.82</b>		
<b>SELL</b>									
10/3/16	10/5/16	4,320,000	05574BFW5	BMO HARRIS BANK NA CD	1.00%	4/24/17	4,355,965.41	1.21%	(5,794.59)
11/1/16	11/2/16	5,300,000	3135G0D75	FNMA BENCHMARK NOTES	1.50%	6/22/20	5,392,308.33	1.16%	120,617.35
11/10/16	11/14/16	2,000,000	3137EADG1	FREDDIE MAC NOTES	1.75%	5/30/19	2,049,984.44	1.07%	11,627.82
11/10/16	11/14/16	2,075,000	3137EADZ9	FREDDIE MAC NOTES	1.12%	4/15/19	2,078,519.72	1.09%	2,177.48
11/16/16	11/17/16	2,055,000	3135G0A78	FNMA NOTES	1.62%	1/21/20	2,080,576.76	1.39%	4,503.22
11/16/16	11/17/16	635,000	912828H52	US TREASURY NOTES	1.25%	1/31/20	635,118.63	1.36%	(2,519.70)
11/22/16	11/23/16	3,600,000	3130A8QS5	FHLB GLOBAL NOTE	1.12%	7/14/21	3,506,620.50	1.80%	(87,514.88)
12/1/16	12/5/16	3,000,000	912828UQ1	US TREASURY NOTES	1.25%	2/29/20	2,983,460.38	1.53%	(13,732.03)

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
12/1/16	12/5/16	1,510,000	17275RAU6	CISCO SYSTEMS INC CORP NOTE	1.65%	6/15/18	1,525,555.52	1.48%	3,922.93
12/1/16	12/5/16	1,325,000	40434CAA3	HSBC USA INC	1.30%	6/23/17	1,332,314.00	1.36%	(62.00)
12/1/16	12/5/16	900,000	89236TCP8	TOYOTA MOTOR CREDIT CORP	1.55%	7/13/18	905,313.50	1.56%	224.82
12/1/16	12/5/16	4,800,000	65558LFA5	NORDEA BANK FINLAND NY CD	1.15%	5/26/17	4,802,054.26	1.09%	980.93
12/7/16	12/8/16	1,250,000	912828D23	US TREASURY NOTES	1.62%	4/30/19	1,263,948.66	1.22%	(4,818.18)
<b>Total SELL</b>		<b>32,770,000</b>					<b>32,911,740.11</b>		<b>29,613.17</b>



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 04/30/2014 1.625% 04/30/2019	912828D23	800,000.00	AA+	Aaa	11/10/16	11/14/16	810,937.50	1.06	2,226.52	810,354.78	806,249.60
US TREASURY NOTES DTD 06/02/2014 1.500% 05/31/2019	912828WLO	2,000,000.00	AA+	Aaa	11/10/16	11/14/16	2,021,875.00	1.06	2,637.36	2,020,758.84	2,009,218.00
US TREASURY NOTES DTD 02/02/2015 1.250% 01/31/2020	912828H52	1,115,000.00	AA+	Aaa	03/02/16	03/04/16	1,115,609.76	1.24	5,832.54	1,115,485.57	1,106,811.44
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	1,360,000.00	AA+	Aaa	04/28/15	04/30/15	1,351,446.88	1.38	5,776.24	1,354,349.28	1,349,162.16
US TREASURY NOTES DTD 02/28/2013 1.250% 02/29/2020	912828UQ1	2,800,000.00	AA+	Aaa	11/05/15	11/09/15	2,765,000.00	1.55	11,892.27	2,774,112.01	2,777,686.80
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	630,000.00	AA+	Aaa	06/22/16	06/27/16	637,727.34	1.04	2,213.22	636,688.22	626,702.58
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	895,000.00	AA+	Aaa	06/22/16	06/27/16	906,397.27	1.03	3,144.18	904,864.17	890,315.57
US TREASURY NOTES DTD 03/31/2015 1.375% 03/31/2020	912828J84	1,957,000.00	AA+	Aaa	06/23/16	06/28/16	1,979,245.59	1.07	6,875.04	1,976,269.76	1,946,757.06
US TREASURY NOTES DTD 04/30/2015 1.375% 04/30/2020	912828K58	5,390,000.00	AA+	Aaa	02/01/16	02/03/16	5,418,423.83	1.25	12,693.30	5,412,466.11	5,355,261.45
US TREASURY NOTES DTD 05/17/2010 3.500% 05/15/2020	912828ND8	600,000.00	AA+	Aaa	05/28/15	05/29/15	657,070.31	1.50	2,726.52	639,220.00	637,758.00
US TREASURY NOTES DTD 05/31/2013 1.375% 05/31/2020	912828VF4	5,500,000.00	AA+	Aaa	12/02/15	12/04/15	5,455,957.03	1.56	6,648.35	5,466,250.13	5,465,196.00
US TREASURY NOTES DTD 07/01/2013 1.875% 06/30/2020	912828VJ6	4,500,000.00	AA+	Aaa	09/01/15	09/03/15	4,578,222.66	1.50	233.08	4,557,301.25	4,543,416.00
US TREASURY NOTE DTD 06/30/2015 1.625% 06/30/2020	912828XH8	5,270,000.00	AA+	Aaa	11/01/16	11/02/16	5,357,284.38	1.16	236.57	5,353,499.25	5,272,471.63
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	2,250,000.00	AA+	Aaa	12/20/16	12/21/16	2,199,375.00	1.95	12,946.67	2,199,732.37	2,214,051.75



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 01/31/2016 1.375% 01/31/2021	912828N89	3,250,000.00	AA+	Aaa	05/26/16	05/27/16	3,252,539.06	1.36	18,700.75	3,252,238.99	3,198,074.75
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	2,500,000.00	AA+	Aaa	10/03/16	10/05/16	2,591,015.63	1.15	16,988.95	2,586,111.48	2,519,922.50
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	3,000,000.00	AA+	Aaa	12/01/16	12/05/16	2,940,351.56	1.85	7,064.92	2,941,327.65	2,942,931.00
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	5,775,000.00	AA+	Aaa	06/27/16	06/29/16	5,881,476.56	0.98	13,599.97	5,870,538.25	5,665,142.18
US TREASURY N/B DTD 07/31/2014 2.250% 07/31/2021	912828WY2	3,405,000.00	AA+	Aaa	11/22/16	11/23/16	3,477,356.25	1.78	32,060.67	3,475,806.16	3,458,335.92
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	2,000,000.00	AA+	Aaa	12/01/16	12/05/16	2,007,031.25	1.92	13,591.16	2,006,932.40	2,007,968.00
US TREASURY NOTES DTD 10/31/2014 2.000% 10/31/2021	912828F96	4,000,000.00	AA+	Aaa	12/20/16	12/21/16	3,980,781.25	2.10	13,701.66	3,980,899.20	4,011,564.00
<b>Security Type Sub-Total</b>		<b>58,997,000.00</b>					<b>59,385,124.11</b>	<b>1.43</b>	<b>191,789.94</b>	<b>59,335,205.87</b>	<b>58,804,996.39</b>

<b>Municipal Bond / Note</b>											
MS ST TXBL GO BONDS DTD 02/18/2015 1.090% 10/01/2017	605581FX0	240,000.00	AA	Aa2	02/04/15	02/18/15	240,000.00	1.09	654.00	240,000.00	239,736.00

<b>Security Type Sub-Total</b>		<b>240,000.00</b>					<b>240,000.00</b>	<b>1.09</b>	<b>654.00</b>	<b>240,000.00</b>	<b>239,736.00</b>
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<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	750,000.00	AA+	Aaa	11/06/15	11/30/15	757,499.93	1.20	1,186.30	754,393.65	752,670.15
FHLMC SERIES KP03 A2 DTD 04/01/2016 1.780% 07/01/2019	3137BNN26	3,055,000.00	AA+	Aaa	04/15/16	04/28/16	3,085,476.68	1.10	4,531.58	3,077,931.04	3,044,673.18
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	1,555,000.00	AA+	Aaa	10/07/15	10/30/15	1,570,571.61	1.08	2,132.94	1,565,169.28	1,553,131.05



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Security Type Sub-Total</b>		<b>5,360,000.00</b>					<b>5,413,548.22</b>	<b>1.11</b>	<b>7,850.82</b>	<b>5,397,493.97</b>	<b>5,350,474.38</b>
<b>Federal Agency Bond / Note</b>											
FHLMC REFERENCE NOTE DTD 09/16/2016 0.875% 10/12/2018	3137EAED7	1,820,000.00	AA+	Aaa	10/03/16	10/05/16	1,819,454.00	0.89	4,644.79	1,819,519.72	1,810,108.30
FNMA BENCHMARK NOTE DTD 09/01/2015 1.125% 10/19/2018	3135G0E58	4,220,000.00	AA+	Aaa	08/27/15	09/01/15	4,213,163.60	1.18	9,495.00	4,216,034.89	4,214,809.40
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	1,940,000.00	AA+	Aaa	10/22/14	10/23/14	1,958,430.00	1.39	2,977.36	1,948,709.77	1,954,623.72
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	2,225,000.00	AA+	Aaa	10/09/14	10/10/14	2,240,575.00	1.45	3,414.76	2,232,305.63	2,241,772.05
FHLB NOTES DTD 12/08/2016 1.250% 01/16/2019	3130AAE46	1,565,000.00	AA+	Aaa	12/07/16	12/08/16	1,564,937.40	1.25	1,249.83	1,564,937.40	1,564,453.82
FNMA BENCHMARK NOTE DTD 01/08/2016 1.375% 01/28/2019	3135G0H63	1,795,000.00	AA+	Aaa	01/06/16	01/08/16	1,793,887.10	1.40	10,489.53	1,794,236.28	1,797,491.46
FNMA BENCHMARK NOTE DTD 02/23/2016 1.000% 02/26/2019	3135G0J53	2,675,000.00	AA+	Aaa	02/19/16	02/23/16	2,668,687.00	1.08	9,288.19	2,670,461.78	2,658,369.53
FREDDIE MAC NOTES DTD 03/21/2016 1.125% 04/15/2019	3137EADZ9	2,075,000.00	AA+	Aaa	03/18/16	03/21/16	2,074,315.25	1.14	4,928.13	2,074,483.89	2,066,602.48
FHLB GLOBAL NOTE DTD 06/03/2016 1.125% 06/21/2019	3130A8DB6	1,810,000.00	AA+	Aaa	06/02/16	06/03/16	1,809,239.80	1.14	565.63	1,809,379.69	1,799,697.48
FHLMC REFERENCE NOTE DTD 07/20/2016 0.875% 07/19/2019	3137EAEB1	1,200,000.00	AA+	Aaa	07/19/16	07/20/16	1,197,096.00	0.96	4,695.83	1,197,524.10	1,184,149.20
FREDDIE MAC GLOBAL NOTES DTD 07/30/2012 1.250% 08/01/2019	3137EADK2	2,565,000.00	AA+	Aaa	09/03/14	09/04/14	2,494,693.35	1.84	13,359.38	2,527,221.29	2,554,439.90
FNMA BENCHMARK NOTE DTD 08/02/2016 0.875% 08/02/2019	3135G0N33	4,650,000.00	AA+	Aaa	07/29/16	08/02/16	4,642,188.00	0.93	16,840.10	4,643,253.27	4,585,406.85
FHLB GLOBAL NOTE DTD 08/04/2016 0.875% 08/05/2019	3130A8Y72	1,900,000.00	AA+	Aaa	08/03/16	08/04/16	1,896,352.00	0.94	6,788.54	1,896,842.35	1,873,109.30
FNMA NOTES DTD 09/02/2016 1.000% 08/28/2019	3135G0P49	2,000,000.00	AA+	Aaa	08/31/16	09/02/16	1,996,880.00	1.05	6,611.11	1,997,220.22	1,977,782.00



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2016**

### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Federal Agency Bond / Note</b>											
FNMA NOTES DTD 07/28/2014 1.750% 09/12/2019	3135G0ZG1	2,000,000.00	AA+	Aaa	10/27/14	10/28/14	2,008,320.00	1.66	10,597.22	2,004,695.50	2,019,000.00
FHLB NOTES DTD 11/17/2016 1.375% 11/15/2019	3130AA3R7	2,690,000.00	AA+	Aaa	11/16/16	11/17/16	2,689,381.30	1.38	4,520.69	2,689,405.97	2,679,277.66
FNMA BENCHMARK NOTE DTD 11/07/2014 1.750% 11/26/2019	3135G0ZY2	1,500,000.00	AA+	Aaa	02/26/15	02/27/15	1,509,975.00	1.60	2,552.08	1,506,196.47	1,511,472.00
FNMA BENCHMARK NOTES DTD 11/16/2015 1.875% 12/28/2020	3135G0H55	1,995,000.00	AA+	Aaa	12/28/15	12/29/15	1,995,857.85	1.87	311.72	1,995,691.95	2,000,262.81
FNMA BENCHMARK NOTE DTD 05/16/2016 1.250% 05/06/2021	3135G0K69	4,000,000.00	AA+	Aaa	08/01/16	08/02/16	4,017,000.00	1.16	7,638.89	4,015,570.56	3,886,672.00
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	1,250,000.00	AA+	Aaa	08/17/16	08/19/16	1,245,723.75	1.32	5,729.17	1,246,028.29	1,208,087.50
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	4,050,000.00	AA+	Aaa	08/17/16	08/19/16	4,033,597.50	1.33	18,562.50	4,034,765.36	3,914,203.50
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	4,500,000.00	AA+	Aaa	09/01/16	09/02/16	4,472,460.00	1.38	20,625.00	4,474,243.35	4,349,115.00
<b>Security Type Sub-Total</b>		<b>54,425,000.00</b>					<b>54,342,213.90</b>	<b>1.28</b>	<b>165,885.45</b>	<b>54,358,727.73</b>	<b>53,850,905.96</b>
<b>Corporate Note</b>											
JPMORGAN CHASE & CO NOTES DTD 12/20/2007 6.000% 01/15/2018	46625HGY0	3,500,000.00	A-	A3	02/05/16	02/10/16	3,773,385.00	1.86	96,833.33	3,648,339.17	3,650,937.50
AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 1.500% 03/13/2018	02665WAT8	1,540,000.00	A+	A1	03/10/15	03/13/15	1,537,936.40	1.55	6,930.00	1,539,163.43	1,539,781.32
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	3,595,000.00	A	A1	05/22/15	05/29/15	3,594,676.45	1.60	6,231.33	3,594,858.79	3,596,517.09
TOYOTA MOTOR CREDIT CORP DTD 02/19/2016 1.700% 02/19/2019	89236TCU7	1,810,000.00	AA-	Aa3	02/16/16	02/19/16	1,809,782.80	1.70	11,282.33	1,809,844.45	1,804,280.40



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### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
AMERICAN HONDA FINANCE CORP NOTES DTD 02/23/2016 1.700% 02/22/2019	02665WBA8	1,255,000.00	A+	A1	02/18/16	02/23/16	1,254,749.00	1.71	7,645.04	1,254,819.20	1,249,859.52
BERKSHIRE HATHAWAY INC NOTES DTD 03/15/2016 1.700% 03/15/2019	084664CG4	645,000.00	AA	Aa2	03/08/16	03/15/16	644,509.80	1.73	3,228.58	644,637.25	644,428.53
AMERICAN EXPRESS CREDIT CORP NOTES DTD 03/18/2014 2.125% 03/18/2019	0258M0DK2	2,000,000.00	A-	A2	10/26/15	10/29/15	2,017,300.00	1.86	12,159.72	2,011,441.88	2,007,970.00
WELLS FARGO & COMPANY DTD 04/22/2014 2.125% 04/22/2019	94974BFU9	3,300,000.00	A	A2	03/23/15	03/26/15	3,335,277.00	1.85	13,440.63	3,320,327.90	3,310,678.80
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	845,000.00	A	A3	06/03/16	06/08/16	932,795.50	1.48	9,928.75	918,158.82	908,741.73
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	4,500,000.00	AA-	A1	03/20/15	03/25/15	5,203,485.00	2.05	118,937.50	4,951,869.71	4,930,632.00
APPLE INC DTD 02/09/2015 1.550% 02/07/2020	037833AX8	3,480,000.00	AA+	Aa1	02/23/15	02/26/15	3,434,864.40	1.83	21,276.33	3,451,255.20	3,437,460.48
APPLE INC CORP NOTE DTD 05/13/2015 2.000% 05/06/2020	037833BD1	1,000,000.00	AA+	Aa1	05/06/15	05/13/15	998,450.00	2.03	2,666.67	998,941.96	1,001,857.00
<b>Security Type Sub-Total</b>		<b>27,470,000.00</b>					<b>28,537,211.35</b>	<b>1.81</b>	<b>310,560.21</b>	<b>28,143,657.76</b>	<b>28,083,144.37</b>
<b>Commercial Paper</b>											
BANK TOKYO-MIT UFJ NY COMM PAPER -- 0.000% 06/21/2017	06538BTM5	3,900,000.00	A-1	P-1	12/20/16	12/21/16	3,874,565.50	1.30	0.00	3,876,102.75	3,876,440.10
CREDIT AGRICOLE CIB NY COMM PAPER DTD 12/20/2016 0.000% 06/21/2017	22533TTM8	3,900,000.00	A-1	P-1	12/20/16	12/21/16	3,876,340.00	1.21	0.00	3,877,770.00	3,876,966.60
<b>Security Type Sub-Total</b>		<b>7,800,000.00</b>					<b>7,750,905.50</b>	<b>1.25</b>	<b>0.00</b>	<b>7,753,872.75</b>	<b>7,753,406.70</b>
<b>Certificate of Deposit</b>											
TORONTO DOMINION BANK NY YCD DTD 06/19/2015 1.240% 06/16/2017	89113ESN7	4,800,000.00	AA-	Aa1	06/16/15	06/19/15	4,800,000.00	1.25	32,240.00	4,800,000.00	4,802,145.60





## Managed Account Detail of Securities Held

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### CITY OF BRENTWOOD

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Certificate of Deposit</b>											
SVENSKA HANDELSBANKEN NY FLT CERT DEPOS DTD 11/24/2015 1.375% 08/24/2017	86958DH54	4,000,000.00	A-1+	P-1	11/20/15	11/24/15	4,000,000.00	0.84	5,793.79	4,000,000.00	4,002,240.00
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	4,350,000.00	AA-	Aa1	09/09/14	09/11/14	4,342,996.50	1.41	18,276.04	4,348,383.32	4,356,846.90
BANK OF NOVA SCOTIA HOUSTON YCD DTD 11/09/2015 1.560% 11/06/2017	06417GAS7	4,135,000.00	A+	Aa3	11/06/15	11/09/15	4,135,000.00	1.55	9,855.08	4,135,000.00	4,138,638.80
SKANDINAVISKA ENSKILDA BANKEN NY CD DTD 11/17/2015 1.480% 11/16/2017	83050FBG5	4,240,000.00	A-1	P-1	11/16/15	11/17/15	4,240,000.00	1.48	8,018.31	4,240,000.00	4,232,813.20
ROYAL BANK OF CANADA NY CD DTD 03/15/2016 1.700% 03/09/2018	78009NZZ2	3,500,000.00	AA-	Aa3	03/11/16	03/15/16	3,500,000.00	1.69	18,511.11	3,500,000.00	3,503,972.50
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	3,485,000.00	A+	Aa3	12/01/16	12/05/16	3,482,281.70	1.78	4,600.20	3,482,382.94	3,513,123.95
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	3,485,000.00	AA-	Aa3	12/01/16	12/05/16	3,485,000.00	1.74	4,600.20	3,485,000.00	3,513,123.95
<b>Security Type Sub-Total</b>		<b>31,995,000.00</b>					<b>31,985,278.20</b>	<b>1.45</b>	<b>101,894.73</b>	<b>31,990,766.26</b>	<b>32,062,904.90</b>

### Asset-Backed Security / Collateralized Mortgage Obligation

TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	505,000.00	AAA	Aaa	05/02/16	05/11/16	504,974.19	1.30	291.78	504,979.15	503,381.02
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	325,000.00	NR	Aaa	07/19/16	07/27/16	324,974.13	1.25	180.56	324,977.58	323,451.34
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	505,000.00	AAA	Aaa	03/22/16	03/30/16	504,902.03	1.57	350.13	504,920.17	504,871.48
NISSAN ABS 2016-B A3 DTD 04/27/2016 1.320% 01/15/2021	65478VAD9	380,000.00	NR	Aaa	04/18/16	04/27/16	379,941.06	1.33	222.93	379,951.02	377,710.84
HYUNDAI AUTO RECEIVABLES TRUST DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	905,000.00	AAA	Aaa	09/14/16	09/21/16	904,878.19	1.30	518.87	904,886.41	897,707.87



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2016**

**CITY OF BRENTWOOD**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Security Type Sub-Total</b>		<b>2,620,000.00</b>					<b>2,619,669.60</b>	<b>1.35</b>	<b>1,564.27</b>	<b>2,619,714.33</b>	<b>2,607,122.55</b>
<b>Managed Account Sub-Total</b>		<b>188,907,000.00</b>					<b>190,273,950.88</b>	<b>1.43</b>	<b>780,199.42</b>	<b>189,839,438.67</b>	<b>188,752,691.25</b>
<b>Securities Sub-Total</b>		<b>\$188,907,000.00</b>					<b>\$190,273,950.88</b>	<b>1.43%</b>	<b>\$780,199.42</b>	<b>\$189,839,438.67</b>	<b>\$188,752,691.25</b>
<b>Accrued Interest</b>											<b>\$780,199.42</b>
<b>Total Investments</b>											<b>\$189,532,890.67</b>